

Testimony for Public Hearing on Senate Bill 529 and 530

House Committee on Families

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Mr. Chairman and Committee Members:

I am pleased to have the opportunity to testify about the many advantages for children and families that the passage of senate bill 529 and 530 will ensure by codifying and clarifying many best practice standards. I want to acknowledge the diligent work of others that has brought us here and I appreciate the opportunity to speak today. I represent the Association of Accredited Child and Family Agencies, which is a group of seven private agencies serving over 15,000 children and families daily. My position is Chief Operating Officer at one of those private non-profit agencies, Orchards Children's Services, where I have worked in the foster care system for over 40 years. We are a large provider of foster care, adoption and family preservation services serving close to 200 children in foster homes daily.

Our foster care contract, as is true of private non-profit foster care providers in Michigan is held with the Department of Health and Human Services or DHHS. The Department is tasked with responding to calls about possible abuse and neglect, investigating those allegations, which can often lead to the Department placing children in either foster homes that they have licensed or with private providers.

Over the years, we have spent countless hours and staff time, taken away from the servicing of these children, their biological parents and foster parents in our efforts to bill for our services. For many years, fees for our administrative rate and the daily rate for

foster parents would be billed to either the state represented by DHHS or the County where the child was living before removal from their home.

This has been extremely problematic because private agencies have no contractual agreements with any of the 83 counties in Michigan for the provision of foster care services. Whether services for a child in foster care (the abuse and neglect system) are billed through the state or county child care fund is determined by DHHS, not the private agencies, related to a combination of factors including legal status, living arrangement and federal guidelines.

For foster children that are not eligible for any federal assistance and hence their stay in foster care needs to be funded with county child care funds, the payment structure is largely based on a 50-50 cost share between the State and the County. What has been extremely problematic over the years is that private providers would send paper bills (not electronic) for servicing children to DHHS and then these bills would be sent to a county worker for payment. The county workers had no part in the placement of these children in foster care and no contract with any private foster care providers, yet they were expected to pay the amount needed for children in foster care and then receive reimbursement for these costs at a 50% rate from the State at a later date.

When county child care funds were lower due to unanticipated problems in any of the 83 counties, then payments were delayed and again the counties had to bear 100% of the up-front costs receiving 50% reimbursement from the State later.

This process has recently been simplified in the language in the DHHS handbook as John Maxwell explained in testimony before the Senate subcommittee, allowing private providers to bill DHHS first. The DHHS handbook or child care fund manual is not a promulgated rule, nor a statute but rather a guideline, which can be changed. These bills do many things most importantly codifying who pays first and what entity pays for what service. Bill 529 (page 3 lines 10-14) clearly defines that children in the Juvenile Justice system as ordered by the courts in each county would be paid by the county. Bill 530 (page 4 lines 8-13) makes it clear that children placed in foster care by DHHS with a private provider following a preliminary court order, would be paid first by DHHS and

then DHHS would seek 50% reimbursement later from the county child care funds if DHHS determines that the child is not eligible for federal assistance for their foster care stay. What makes me an advocate for DHHS to pay first?

To summarize,

- It is a DHHS employee (a Child Protective Service Worker) that determines the need for removal of a child from their parents.
- It is a DHHS employee that will determine placement of the child in their own system or with a private provider dependent on what foster home can best meet the child's needs.
- It is a DHHS employee that will determine whether a child is eligible for federal funds or county funds based on eligibility standards.
- And finally, DHHS has negotiated signed contracts with private providers, not individual counties, consequently, DHHS would reasonably be expected to pay the contracted private agencies first and seek the 50% reimbursement from the counties on children they determined need to be paid from the county child care fund due to eligibility standards.

This practice of DHHS paying first has alleviated many hours of billing and has freed up not only time but actual positions at our AACFA group of agencies that can be better used to service children, their biological parents and in support of the foster parents who often wait for the agency to receive payment before they can be paid for taking very vulnerable children and children that we don't yet know the extent of trauma they have experienced into their homes.

Once these bills are enacted, we will have codified who pays for what service and when, allowing us to spend our resources (not on repeated billings) but on providing traumatized children with safe foster homes, with the support of appropriate therapeutic services while we also provide the necessary remediation activities to their parents to have the children return home safely whenever possible.

We can avoid the confusing payment process with each individual county who have their own staff and challenges and did not take part in the placement of these children,

yet are responsible for 50% of their foster care stay if deemed not eligible for federal funding. Bills 529 and 530 are no small achievements for children because if passed, they codify what is currently in the child care fund manual and outline moving forward laws that permanently simplify the payment process. The previous process has been in place for over 70 years, causing delays in payments, serious cash flow problems for private providers, which has led to numerous reconciliation processes throughout the years, which both from the DHHS, county and private agency perspectives detract from the servicing of children.